

## **Department of Education**

# **Year 2000 Quarterly Report to The Office of Management and Budget**

**November 15, 1999**

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With forty-six days remaining to January 1, 2000, this Year 2000 quarterly report can be summarized in three words: “We are ready.”

Since the August 13 quarterly report, the Department has maintained Y2K compliance of all systems while continuing its efforts in outreach, and surveys of education community readiness. We established moratoriums on regulations and systems changes, continued with student aid trading partner testing, fine-tuned our business continuity and contingency plans, and are now focused on “day one” preparations for the transition.

The Department completed its systems conversion effort on March 8, 1999, with the implementation of its last system to be converted, the Federal Family Education Loans (FFEL) system, ahead of the Office of Management and Budget (OMB) March 31, 1999 deadline. One hundred percent of the Department’s 175 systems are either retired (28) or are Y2K compliant and fully implemented (147). The Department is maintaining Y2K compliance of its systems through re-validation of individual systems on an on-going basis as needed, together with moratoriums on regulations and systems changes from October 1999 through March 2000.

## *Mission critical systems:*

- All of the 14 mission critical systems (100%) have completed renovation, validation and implementation, including independent verification and validation (IV&V), and have been phased into production. See Table 1.

**Table 1**  
**Mission-Critical Systems**

| <b>Total Number of Mission-Critical Systems</b> | <b>Number Compliant</b> | <b>Number to be Replaced</b> | <b>Number being Repaired</b> | <b>Number to be Retired</b> |
|---|-------------------------|------------------------------|------------------------------|-----------------------------|
| 14  | 14                      | 0                            | 0                            | 0                           |

- See Tables 3 and 4 at the back of this report for a historical record on completing the mission critical systems. See the chart at the end of this report for a graphic depiction of the March 8, 1999 completed status of mission critical systems.

*Non-mission-critical systems:*

- All of the Department's 161 noncritical systems (100%) have either been retired (28) or completed renovation, validation and implementation (133) and have been phased into production. The last one of these systems, the Federal Student Aid Information Center, was completed in late February 1999.
- See Table 5 at the back of this report for a historical record on completing the noncritical systems.

*Day One Preparations:*

- The Department's "Day One" preparations started last summer when those offices with mission-critical systems and core business processes were asked to develop Day One plans. Those plans included the identification of specific individuals and the duties they would perform during the day one transition period. These Day One plans were included as appendices in the Department's overall Day One Plan that was completed and submitted to OMB on October 15, 1999.
- Since October 15, 1999, all Day One plans have been reviewed and refined. A revised copy, dated November 15, 1999, of the Department's Day One Plan is enclosed. The first of two Day One training sessions was conducted on November 11, and the first of three Department-wide rehearsals will be conducted

November 17, 1999. Department principal offices have identified “Y2K emergency employees” consistent with OPM guidance. These key staff include individuals earlier identified in BCCPs, Day One plans and a few others with cross-Department duties that may be needed for Y2K purposes. The Y2K emergency employees are being instructed that they may be required to report to duty in the event of a weather or Y2K emergency. Y2K emergency workers who need to work unusual hours are developing, with their supervisors, special work schedules for the two pay periods (December 19,1999 thru January 15, 2000).

*Data exchanges and end-to-end testing:*

- **Data exchanges.** Each system’s data exchanges are considered integral components of the system. As such, checking on their Y2K compliance, and renovating as needed, is a part of the Department’s standard Y2K system conversion process. All systems, including their data exchanges, have been fully renovated, validated, and implemented. The ability of each system to send and receive Y2K compliant data was tested during the system’s validation phase.
- **End-to-end testing.** End-to-end testing involves: (1) Department system-to-system testing and testing with other Federal agencies, and (2) postsecondary institutional testing with Department student aid systems. Department system-to-system testing and testing with other agencies was completed last summer.
- **Postsecondary institutions testing.** To date, 960 postsecondary institutions out of 5,800 ( 16.6%) and seven out of 32 third party servicers (services one or more schools) have tested their student aid data exchanges with the Department. Of those testing with the Department, 848 postsecondary institutions and six third party servicers have passed. Those that passed are recognized on the Department’s web site on the student aid testing “Honor Roll.” The number of schools on the Honor Roll has increased from 46 as of the August 13 quarterly report to 848 schools (plus six third party servicers) as of this quarterly report.
- None of the postsecondary institutions’ testing failures, to date, can be traced to Y2K problems. Rather, the failures are attributable to procedural problems such as not following instructions, and the submission of incomplete transactions. Just prior to the August 13<sup>th</sup> quarterly report, the testing procedures and instructions were simplified and clarified. Since those improvements were made, the number of schools having problems with the testing procedures/instructions has diminished significantly.

- Postsecondary institutions have indicated that they have not yet tested with the Department for a variety of reasons such as “[they were] not ready to test,” “our servicer will do that,” “too low a priority,” and “key person needed to do this isn’t available now.”
- Thirty-nine percent of the postsecondary respondents to the Department’s October 1999 survey indicated that their mission critical systems were not yet all Y2K compliant. Thirty percent said their student services systems, including student aid systems were not Y2K ready. Ninety seven percent of the respondents said they expected all critical systems would be compliant by January 1, 2000 and sixty five percent stated they plan to conduct Y2K testing with their major trading partners including the Department.
- The Department’s initial student aid systems testing window was April – June 1999. Its second testing window was July 12 – September 20, 1999. Its third was from September 13 , 1999 to November 19, 1999. In order to be available to schools when they are ready to test, the Department added a fourth window of testing from November 20, 1999 to December 20, 1999.
- The Department is promoting the availability of the testing via letters encouraging all schools and third party servicers to test, a recent video news release which stresses the importance of the testing, presentations at conferences and regional workshops, and on the Department’s web site.
- Data exchanges with States have been reported to the General Services Administration (GSA) for inclusion on the State Data Exchanges database.
- The Department provided the General Accounting Office (GAO) a comprehensive list of its external data exchanges and corresponding test plans and results in a report issued March 31, 1999. The Department updated this report for GAO on July 15, 1999, and again on October 15, 1999, reporting on further data exchange and end-to-end testing results at that time.

### *Embedded chips*

- The Department has few systems with embedded chips. Office equipment such as fax machines and copiers were checked and double-checked by October 31, 1998. All were found to be compliant. New equipment purchases are required to be compliant.

### *Telecommunications systems:*

- The Department's telephone systems, FTS 2000/2001 and WITS, are administered by GSA. The Department participates in the GSA Telecommunications Group and continues to track GSA's progress. The Department's understanding is that FTS 2000/2001 is fully compliant.
- Department-owned network communications infrastructure components with embedded chips were identified and replaced or retired as needed to be compliant as part of the EDNet renovation. This was completed by the Fall of 1998. Compliance has been maintained ever since.

### *Buildings:*

- The Department owns none of the forty buildings it occupies across the country. These buildings are all administered by GSA, and are either GSA-owned (17) or leased space (23). The Department participates in the GSA Building Systems Group and is tracking GSA's progress. As of November 15, 1999, three of the buildings Department of Education employees occupy remain noncompliant. These are GSA's Regional Office Building # 3 at 7<sup>th</sup> and D Street in Washington DC; the Glenn Anderson Federal Building at 501 West Ocean Boulevard in Long Beach, CA; and the Sacramento Federal Building at 801 I Street in Sacramento, CA. None of these noncompliance problems are seen as serious by GSA. The building in Washington DC is not rated compliant because an internal access control system serving a GSA occupied office in the building is not yet Y2K ready. We have requested that GSA make this repair a high priority.
- Twenty-five of the forty ED-occupied buildings still do not have a contingency plan. None of the 23 leased spaces, and only two of the 17 GSA-owned buildings that ED occupies have a Y2K contingency plan. The Department and GSA staff have met and set target dates to remedy this situation, but target dates have come and gone.

### *Outreach and Technical Assistance:*

The Department has continued to assist the nation's education sector in addressing the

Year 2000 challenge through outreach projects involving: technical assistance materials, regional workshops and national conferences, surveys, association meetings, a video news release (VNR) and a second interactive teleconference.

- **Technical assistance printed materials.** The Department continues to distribute copies of the *Year 2000 Compliance Guide for Elementary/Secondary Schools and School Districts* and the *Year 2000 Readiness Kit* for postsecondary institutions. These documents provide an explanation of the Y2K problems, sample plans from other schools, information on managing the Y2K compliance of suppliers, information on contingency planning, sample Y2K procurement and contract language, a list of web site resources as well as additional tools and resources. Over 30,000 copies of the Readiness Kit have been distributed to postsecondary institutions and 35,000 copies of the Compliance Guide have been distributed to school districts. They have also been distributed to state departments of education, education associations and other Federal agencies administering education programs. These documents are accessible electronically on ED's Y2K web site.
- **Technical assistance videos.** The Department is continuing to distribute upon request video copies of the Y2K Teleconference held on December 7, 1998. There is available both an elementary/ secondary version and a postsecondary version. Hundreds of these videos have been distributed to education associations, school administrators, elementary and secondary schools, school districts, postsecondary institutions, state Year 2000 Coordinators and other Federal agencies that administer education programs.
- **Technical assistance brochure.** The Department redesigned its Y2K brochure to highlight testing opportunities, contingency planning and the availability of technical assistance materials. It has already distributed over 25,000 copies of the brochure to the education community and the Department plans to distribute an additional 25,000 copies over the remaining weeks of 1999. The brochure is accessible electronically on the Department's Y2K web site.
- **Technical assistance web site.** This quarter, the Department enhanced its Y2K web site to contain more information on contingency planning, testing, and additional tools and resources. The site's number of visitors continues to grow. There were over 75,000 this quarter.

- **Elementary/Secondary Education Y2K Workshops.** The Department has conducted nine regional workshops with attendees from all 50 states and the U.S. territories. These workshops provided a forum for state education representatives, superintendents, principals, education association members and Y2K coordinators to share their experiences in addressing the Year 2000 challenge and gain additional knowledge and insights.
- **Postsecondary Education Y2K Workshops.** In addition to the seven regional workshops held for the postsecondary education community in 1998, the Department is holding in 1999 several more workshops specifically targeted as follows: Puerto Rico postsecondary institutions, Historically Black Colleges and Universities, two with Hispanic Serving Institutions, and Tribally-controlled colleges. As of this report, eight of these 1999 workshops have been held.
- **Second Y2K Teleconference.** The Department held a second live interactive Y2K teleconference for the elementary/secondary education community in late September. Panelists from the elementary/secondary education community were on hand to share their knowledge, expertise and experiences with the rest of the education community. Specifically, the teleconference focused on three main areas of discussion: system testing, contingency planning and the role of state and local municipalities. Panelists also highlighted tools and resources that are available for the education community. The viewing audience was able to participate in the discussion by calling or faxing questions to our guests. Videotapes of the teleconference are being distributed to the education community.
- **High Impact Program: Student Aid “Local Assurances”.** The Department’s student financial aid programs have been identified by OMB as “high-impact” programs requiring the Department to develop and implement, in tandem with its trading partners, a program that provides assurances to our customers and the general public that student financial aid will continue without Y2K interruption throughout 2000 and beyond. A major component of this “assurances program” is a “video news release” that demonstrates the readiness of the Department’s systems and promotes the need for postsecondary institutions to conduct data exchange testing with the Department. The VNR was produced in September and was used by over 40 local television stations and was viewed by over three million people. An initial plan for this program was submitted to OMB on April 15, 1999. Monthly updates have been provided thereafter. This month’s update is provided at Appendix A of this report.



### *Y2K Readiness Surveys:*

The Y2K readiness of the nation's schools and colleges continues to be an area of concern. Recent information about the status of Y2K work in the education sector suggests that a number of schools could enter the new century with malfunctioning systems if they do not increase the pace of their efforts to prepare for the date change.

A disturbing number of institutions, especially in the elementary/secondary area, have not yet completed their renovation and testing of mission-critical systems. According to October 1999 Department survey data, more than one-third of nearly 1,000 elementary/secondary school districts surveyed, report that they have not yet completed work on mission-critical systems. Almost 39 percent of more than 1,300 postsecondary institutions surveyed, report that their mission-critical systems are not Y2K ready. Four percent of elementary/secondary schools, and three percent of postsecondary institutions have projected that they will not complete Y2K work on critical systems in time for the January 1, 2000 rollover. Y2K failures could have an adverse impact on factors critical to the education environment, such as building safety/infrastructure (e.g., heating, lighting, fire alarms, sewage, elevators, etc.), student records, payroll, and instructional methods involving use of information technology. Copies of the latest education community survey results are enclosed. Both are dated November 8, 1999.

### *Change Management, Project Management and Independent Verification Efforts:*

**Project Management and Independent Verification.** The Department's Y2K project is led by a Project Director and central staff, along with Y2K coordinators for each principal office, who report biweekly, and more often if needed, to the Deputy Secretary and his Y2K Steering Committee. Independent verification and validation (IV&V) services are provided by contractors Booz-Allen and Hamilton and Averstar, Inc. (formerly known as Intermetrics, Inc.) as part of the validation phase for all mission critical systems.

**Change Management/The Moratorium Policy.** The Department has prepared and implemented policies and procedures to achieve an effective moratorium on computer system changes from October 1999 through March 2000. This is in accordance with the spirit and intent of OMB Memorandum M 99-17. The procedures/policy document provides a method for requesting waivers to the moratorium when changes

are deemed essential for program operations.

*Regulatory Review/Postponement Policy:*

The Department has prepared and implemented a policy and procedures, including enforcement measures, to achieve an effective postponement during October 1999 through March 2000 on implementation of any new regulations that may result in system modification requirements to systems of the Department and external partners.

The Y2K Steering Committee has distributed this policy and associated procedures to regulation writers throughout the Department. The procedures provide for request and approval of waiver actions as well as enforcement.

*Maintaining Year 2000 Compliance:*

In January 1999 the Department published, disseminated and implemented policy guidance for maintaining Year 2000 compliance for its systems and data exchanges. This policy guidance requires that all new releases of software or hardware upgrades for systems and all new systems must undergo a complete set of Year 2000 validation (or re-validation) tests prior to implementation. Y2K validations (re-validations) must be verified by an independent contractor.

*Business Continuity and Contingency planning (BCCP):*

- **General.** The Department has pursued an aggressive BCCP effort. The BCCP effort started last summer with the Department applying the GAO's BCCP approach to its core business processes and related systems. A multi-disciplinary BCCP team was established for each core business process and the related systems. Each team consists of program operations, policy and systems staff. These teams developed initial contingency plans for all core business processes and their related systems. These initial contingency plans were completed and initially tested and provided to OMB for review on March 31, 1999. Contingency plans for all non-mission critical systems were completed and initially tested by that time as well. Further testing and refining of the contingency plans remains an on-going effort; all the refinements since last summer were compiled into a set of change pages and provided to OMB, GAO and members of the Hill on October 15, 1999. No changes have been made in the past month.
- **Management consultant contractors.** KPMG and Booz-Allen and Hamilton

(BAH), firms experienced in BCCP and knowledgeable of the Department's systems, were hired to facilitate contingency planning team meetings, develop documents and provide substantive analysis and contingency planning advice. KPMG supported the student aid BCCP teams; BAH supported the rest.

- **Student financial aid.** Because the Department's student financial aid business processes are highly dependent on education and financial institution partners, our contingency planning process involved substantial consultation with these communities. For example, in February our student aid BCCP team chairs met for two days with a focus group of college student aid administrators, business officers and student loan industry leaders to obtain reactions to a draft report on our business impact analyses and preliminary risk mitigation and contingency plans. The report has been posted on the Department's web site for comments by the interested public since late February.
- **Student aid BCCP teams**, established in September 1998, are organized around eight core business processes: institutional eligibility, student aid application and eligibility, student aid origination and disbursement, enrollment tracking and reporting, student aid repayment and collection, lender and guaranty agency payments, lender and guaranty agency services, and customer service. These teams completed their initial detailed contingency plans on March 31, 1999.
- **Impact Aid.** A BCCP team was formed in early November 1998 with focus on the impact aid business process. This team completed its detailed contingency plan and initial testing by March 31, 1999.
- **Education Central Administrative Processing System (EDCAPS).** In November 1998 six core business processes supported by EDCAPS were identified: grant/award, contracts and purchasing, accounts receivable, reporting, payments, and budget. The corresponding six BCCP teams completed their contingency plans and initial testing by March 31, 1999.
- **Education Network (EDNet).** In November 1998 we established an EDNet BCCP team. This team completed the EDNet contingency plan and its initial testing by March 31, 1999.
- **Mission important/mission support systems.** Efforts began last summer to prepare contingency plans for the 133 active mission important/mission support systems in the Y2K inventory. Twenty-eight (161 – 133) of these in the original Y2K inventory do not need contingency plans because they were retired and no longer in service. All 133 contingency plans were completed and initially tested by

March 31, 1999.

- **BCCP coordination with the Department's Continuity of Operations Plan (COOP).** The contractor supporting the COOP effort has met with members of the Year 2000 Team responsible for BCCP. Discussions regarding the coordination of BCCP and COOP took place and agreements were made regarding the coordination of the planning approaches. The COOP support contractor reviewed existing BCCP planning documents to assure consistency between the two plans.
- **Relationship of Regional Offices to BCCP.** The Department has not developed separate BCCPs for its regional offices for the following reasons: all of the Department's program data systems are controlled and reside centrally, regional staffs do not enter nor manipulate data in these program systems. Instead, they serve a field liaison role for headquarters offices. It is important to note, however, that there is a separate building infrastructure contingency plan for each building location, including both headquarters and regional offices.

*Selected Federally-supported, State-run programs:*

- ED has no federally-supported, state-run programs as identified by OMB for this purpose.

*Year 2000 conversion costs:*

- **Estimated costs.** During this quarterly reporting period, cost estimates were refined. Estimates remain relatively stable. The Department's overall cost estimate for the Y2K effort is \$44.0 million, down .1 million from the overall estimate reported in the August 13 report. See Table 2 below for current cost estimates by fiscal year.
- **Estimating the costs of potential BCCP implementation.** The costs of preparations in support of the BCCPs are included in the figures at Table 2, but the cost estimates for having to implement a BCCP, should that need arise, is not included. The "worst case" cost of BCCP implementation (having to implement all the BCCPs) is estimated at \$ 7.5 million. The Department believes the likelihood of having to implement all of the BCCPs is very, very low.

**Table 2**  
**Costs Summarized by Fiscal Year**

| Fiscal Year | 1996    | 1997     | 1998      | 1999      | 2000     | Total    |
|-------------|---------|----------|-----------|-----------|----------|----------|
| Cost        | \$0.1 M | \$ 1.4 M | \$ 19.6 M | \$ 18.6 M | \$ 4.3 M | \$44.0 M |

*Exception report on systems:*

- No schedule changes have occurred this reporting quarter.

*Systems scheduled for implementation after March 1999:*

- No systems were scheduled for implementation after March 1999.

*Problems affecting progress:*

- None to report at this time. We are encouraging everyone working over the millennium rollover weekend to take a few days off in December, so they are fresh for the labor-intensive effort of the rollover.

*Government-wide systems:*

- The Department operates no government-wide systems.

**Table 3**  
**Progress on the 14 Mission-Critical Systems**

| OMB Report Date           | Number of Systems | Assessment Completed | Renovation Completed | Validation completed | Implementation Completed |
|---------------------------|-------------------|----------------------|----------------------|----------------------|--------------------------|
| May 1998<br>(Actual)      | 14                | 100%                 | 7%                   | 0%                   | 0%                       |
| Aug., 1998<br>(Actual)    | 14                | 100%                 | 71%                  | 29%                  | 29%                      |
| Sept 10, 1998<br>(Actual) | 14                | 100%                 | 71%                  | 36%                  | 29%                      |

|                                   |           |             |             |             |             |
|-----------------------------------|-----------|-------------|-------------|-------------|-------------|
| Oct. 8, 1998<br>(Actual)          | 14        | 100%        | 86%         | 50%         | 36%         |
| Nov. 13, 1998<br>(Actual)         | 14        | 100%        | 93%         | 64%         | 64%         |
| Feb. 12, 1999<br>(Actual)         | 14        | 100%        | 100%        | 100%        | 93%         |
| March 31, 1999<br>(OMB Milestone) | 14        | 100%        | 100%        | 100%        | 100%        |
| <b>May 14, 1999<br/>(Actual)</b>  | <b>14</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

**Table 4**  
**Progress on the 12 Mission-Critical Systems That Required Repair**

| <b>OMB Report Date</b>            | <b>Number of Systems*</b> | <b>Assessment Completed</b> | <b>Renovation Completed</b> | <b>Validation completed</b> | <b>Implementation Completed</b> |
|-----------------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------------|
| May, 1998<br>(Actual)             | 12                        | 100%                        | 8%                          | 0%                          | 0%                              |
| Aug., 1998<br>(Actual)            | 12                        | 100%                        | 67%                         | 25%                         | 25%                             |
| Sept. 10, 1998<br>(Actual)        | 12                        | 100%                        | 67%                         | 25%                         | 25%                             |
| Oct. 8, 1998<br>(Actual)          | 12                        | 100%                        | 83%                         | 42%                         | 25%                             |
| Nov. 13, 1998<br>(Actual)         | 12                        | 100%                        | 92%                         | 58%                         | 58%                             |
| Feb. 12, 1999<br>(Actual)         | 12                        | 100%                        | 100%                        | 100%                        | 92%                             |
| March 31, 1999<br>(OMB Milestone) | 12                        | 100%                        | 100%                        | 100%                        | 100%                            |
| <b>May 14, 1999<br/>(Actual)</b>  | <b>12</b>                 | <b>100%</b>                 | <b>100%</b>                 | <b>100%</b>                 | <b>100%</b>                     |

\* Table 4 excludes the two replacement systems, EDCAPS and Impact Aid System. Both have completed implementation and been phased into production. Four systems originally certified as compliant by contractors have been added to Table 4 because all required renovation to become compliant. Historic data on Tables 3 and 4 were recalculated to show this increase.

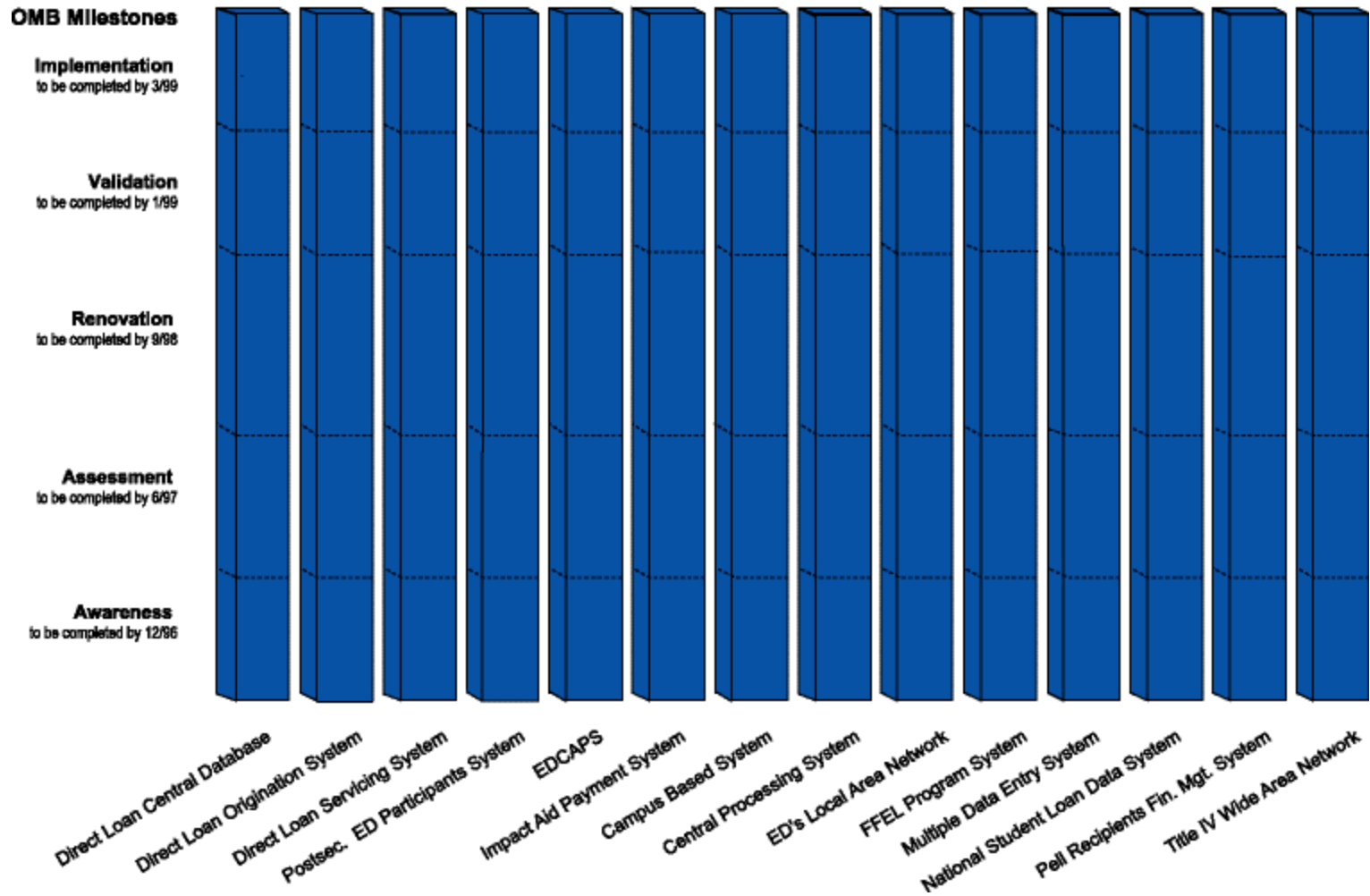
**Table 5**  
**Progress on Non-Critical Systems Administered by the Department**

| <b>OMB Report</b>                 | <b>Number of Systems*</b> | <b>Assessment Complete</b> | <b>Renovation Complete</b> | <b>Validation Complete</b> | <b>Implementation Complete</b> |
|-----------------------------------|---------------------------|----------------------------|----------------------------|----------------------------|--------------------------------|
| May 1998<br>(Actual)              | 157                       | 100%                       | 36%                        | 24%                        | 19%                            |
| Aug. 1998<br>(Actual)             | 161                       | 100%                       | 83%                        | 79%                        | 79%                            |
| Sept. 10, 1998<br>(Actual)        | 161                       | 100%                       | 93%                        | 79%                        | 79%                            |
| Oct. 8, 1998<br>(Actual)          | 161                       | 100%                       | 97%                        | 97%                        | 97%                            |
| Nov. 13 1998<br>(Actual)          | 161                       | 100%                       | 99%                        | 98%                        | 98%                            |
| Feb. 12, 1999<br>(Actual)         | 161                       | 100%                       | 100%                       | 99%                        | 99%                            |
| March 31, 1999<br>(OMB Milestone) | 161                       | 100%                       | 100%                       | 100%                       | 100%                           |
| <b>May 14, 1999<br/>(Actual)</b>  | <b>161</b>                | <b>100%</b>                | <b>100%</b>                | <b>100%</b>                | <b>100%</b>                    |

\* 28 of these 161 were retired from service rather than renovated.

## Department of Education Year 2000 Compliance Project

### *Status of Mission-Critical Systems as of 3/08/99*





**Appendix A:** Monthly Update on the “Local Assurances” Program in Support of the Student Financial Aid High Impact Federal Programs

MEMORANDUM

TO: Lorenzo Rasetti  
Office of Management and Budget

FROM: Bob Davidson, Director  
Year 2000 Project Management Team  
U.S. Department of Education

SUBJECT: Assuring the Year 2000 Readiness of High Impact Federal Programs

This memorandum is in response to your request for a monthly update on the schedule of key activities in the Education Department’s strategy to assure its customers and the general public that our student aid programs are year 2000 ready.

The Department’s strategy includes testing data exchanges with its trading partners, developing complementary business continuity and contingency plans with our partners and sharing key information on Y2K readiness with our partners and the public. Listed below is an updated schedule of activities associated with the Department’s strategy to assure the public that the high-impact student aid programs will work.

Testing Data Exchanges with Trading Partners

The Department’s data exchange testing strategy is based on two independent but complementary test plans that will provide evidence that student aid delivery systems are prepared to function as designed in the year 2000. The two planned tests are:

1. Year 2000 School and Trading Partner Testing. This testing is intended to verify the Y2K compliance of data exchanges with the approximately 5,800 postsecondary schools and/or other trading partners (e.g., third party servicers, guaranty agencies, state education offices, etc.). The testing schedule includes the following windows:

| Systems and External Trading Partners   | 1 <sup>st</sup> Testing Window |        | 2 <sup>nd</sup> Testing Window |        | 3 <sup>rd</sup> Testing Window |        | 4 <sup>th</sup> Testing Window |        |
|---|--------------------------------|--------|--------------------------------|--------|--------------------------------|--------|--------------------------------|--------|
|   | Begin                          | Finish | Begin                          | Finish | Begin                          | Finish | Begin                          | Finish |
| <b>National Student Loan Data System (NSLDS)</b><br>Clearinghouse<br>Schools<br>Guaranty Agencies | 4/12                           | 5/21   | 7/12                           | 8/31   | 9/13                           | 11/19  | 11/20                          | 12/17  |
| <b>Central Processing System (CPS)</b><br>Schools   | 6/01                           | 7/12   | 8/09                           | 9/20   | 9/21                           | 11/19  | 11/20                          | 12/17  |
| <b>Direct Loan Origination System (DLOS)</b><br>Schools   | 4/12                           | 5/21   | 7/12                           | 8/20   | 9/13                           | 11/19  | 11/20                          | 12/20  |
| <b>Pell Grants System</b><br>Schools  | 6/21                           | 7/23   | 7/12                           | 8/20   | 9/13                           | 11/19  | 11/20                          | 12/17  |

As of this report, over 840 schools attempting the tests have been fully successful. In addition, a number of third party servicers that perform data exchanges for schools have also successfully tested with the Department. Additional testing windows for schools were added this fall. In this way, the Department's data exchanges school testing program will be available when schools complete their Y2K renovations and are ready to test.

2. Year 2000 End-to-End Testing. This testing is intended to validate the business processes that support the delivery of student aid program services. It includes systems not only internal to the Department but also those of other agencies that support student aid delivery external to the Department. The testing schedule is as follows:

| <b><i>Test Phase Description</i></b>         | <b><i>Phase Start</i></b> | <b><i>Phase Finish</i></b> |
|--|---------------------------|----------------------------|
| FFEL Lender Invoice and Disbursement Process | 01/23/1999                | 03/02/1999                 |
| Guaranty Agency & Disbursement Process       | 01/23/1999                | 03/10/1999                 |
| Student Application Process                  | 11/10/1998                | 02/05/1999                 |
| NSLDS Testing                                | 11/10/1998                | 06/30/1999                 |
| CBS Testing                                  | 10/07/1998                | 03/18/1999                 |
| Pell Disbursement Testing                    | 02/01/1999                | 06/30/1999                 |
| DLOS Exchange Testing                        | 11/09/1998                | 05/21/1999                 |
| Direct Loan Repayment Process Testing        | 03/27/1998                | 03/19/1999                 |
| Data-Provider Software Testing               | 06/01/1998                | 02/05/1999                 |

### Developing Complementary Business Continuity and Contingency Plans

The Department completed initial business continuity and contingency plans for each of the eight student aid business processes on March 31. The plans were developed with input from the external student aid community (e.g., schools, lenders, guaranty agencies, secondary markets, etc.). Updated drafts were submitted to OMB on June 15. They will be refined over the next several weeks based on comments and OMB input. To facilitate public comment, the plans are posted on the Department's Y2K web site. Listed below is a schedule of events for the business continuity and contingency planning process:

| <b>Event</b>  | <b>Timeframe</b> | <b>Status</b> |
|---|------------------|---------------|
| • Solicit initial comments from the postsecondary community   | November 1998    | Completed     |
| • Hold focus group meetings on business continuity and contingency plans with the student aid community                                     | February 1999    | Completed     |
| • Post the initial announcement of the project on the Department's web site   | February 1999    | Completed     |
| • Post the student aid report on the eight business processes, including contingency plan "high level" options to the Department's web site | March 1999       | Completed     |
| • Complete the initial business continuity and contingency plans  | March 1999       | Completed     |
| • Participate in Texas Guaranty Student Loan Corp. Forum  | March 1999       | Completed     |
| • Participate in the Direct Loan Annual Conference  | March 1999       | Completed     |
| • Participate in Western Association of Student Financial Aid Administrators events   | April 1999       | Completed     |
| • Participate in Virginia Association of Student Financial Aid Administrators events  | April 1999       | Completed     |

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|---|--------------|-----------|
| • Participate in conference of National Association of College and University Business Officers (NACUBO)                | April 1999   | Completed |
| • Post “updated” contingency plans to the Department’s web site   | May 1999     | Completed |
| • Participate in student loan industry Y2K Contingency Planning Conference hosted by Student Loan Marketing Association | June 1999    | Completed |
| • Participate in National Association of Student Financial Aid Administrators conference events                         | July 1999    | Completed |
| • Participate in Third-Party Servicer Conference  | August 1999  | Completed |
| • Updated BCCPs submitted to OMB and Congress   | October 1999 | Completed |

#### Sharing Key Information on Y2K Readiness with Customers and the Public

The Department has conducted a number of activities to share key information on Y2K readiness with its customers and the public. These activities will continue throughout 1999. Below is a partial listing of these activities:

| <u>Event</u>  | <u>Date</u>         | Status    |
|---|---------------------|-----------|
| • Conduct a survey of community colleges’ Y2K readiness and post results on the Department’s web site                 | Summer 1998         | Completed |
| • Conduct survey of 1500 Direct Loan Program schools on their Y2K readiness and post results on Department’s web site | Summer 1998         | Completed |
| • Post the status of the Department’s Y2K renovation effort on its web site   | Quarterly 1998-1999 | Ongoing   |
| • Distribute the “Year 2000 Readiness Kit-- A Compilation of Y2K Resources for Schools, Colleges, & Universities”     | November 1998       | Completed |

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|---|---------------|-----------|
| • Hold a national satellite teleconference for schools, colleges, & universities on meeting the Y2K computer challenge  | December 1998 | Completed |
| • Hold Y2K focus group/workshop for Hispanic Serving Institutions   | April 1999    | Completed |
| • Conduct Y2K readiness survey of all 6,500 postsecondary institutions  | May 1999      | Completed |
| • Hold Y2K focus group/workshop in New Orleans for HBCUs  | June 1999     | Completed |
| • Hold Y2K focus group/ workshop in San Antonio for Hispanic Serving Institutions   | June 1999     | Completed |
| • Conduct Y2K readiness reviews of guaranty agencies and third party servicers  | Fall 1999     | Underway  |
| • Send Dear Colleague Letter from Chief Operating Officer, Office of Student Financial Assistance, to postsecondary community regarding testing and contingency plans | July 1999     | Completed |
| • Meet with Presidents of HBCUs   | July 1999     | Completed |
| • Send Dear Colleague Letter from Deputy Secretary to student financial aid administrators regarding survey results, data exchange testing and contingency plans      | July 1999     | Completed |
| • Hold Y2K focus group in Bismarck, ND, for Tribally-controlled colleges and universities   | July 1999     | Completed |
| • Hold Y2K focus group in Denver for Hispanic Serving Institutions  | July 1999     | Completed |
| • Hold Y2K focus group in Albuquerque for Hispanic Serving Institutions   | July 1999     | Completed |
| • Hold Y2K focus group in Polsum, MT, for Tribally-controlled colleges and universities   | August 1999   | Completed |

|  |                |           |
|--|----------------|-----------|
| • Hold Y2K focus group in Atlanta for HBCUs  | August 1999    | Completed |
| • Update the Department's Y2K brochure to highlight data exchange testing and contingency planning   | August 1999    | Completed |
| • Hold Y2K focus group in New York for large private and public Eastern institutions   | August 1999    | Completed |
| • Hold Y2K focus group in Ponce, PR, for Hispanic Serving Institutions   | August 1999    | Completed |
| • Send Dear Colleague Letter from Sec Riley to Presidents and Chancellors of all postsecondary institutions on survey results & need for data exchange testing | August 1999    | Completed |
| • Hold Y2K focus group in Seattle, Washington, for a cross-section of postsecondary institutions   | September 1999 | Completed |
| • Brief Ivy League institutions on ED's readiness and testing opportunities  | September 1999 | Completed |
| • Produce Video News Release to demonstrate the readiness of the Department's student aid application system and data exchange testing opportunities           | September 1999 | Completed |
| • Conduct follow-up survey on Y2K readiness of postsecondary institutions and publicize results  | Fall 1999      | Completed |
| • Hold White House Y2K Roundtable with national higher education association executives, moderated by John Koskinen  | October 1999   | Completed |
| • Issue press release on results of fall survey  | October 1999   | Completed |
| • Hold press conference announcing results of the fall survey and findings of the Roundtable   | October 1999   | Completed |

|  |               |           |
|--|---------------|-----------|
| • Conduct site visits to Hispanic Servicing Institutions in Puerto Rico with focus on testing and contingency planning   | October 1999  | Completed |
| • Send final awareness-raising letter to all college presidents, signed by Secretary Riley, John Koskinen, and Stanley Ikenberry, President of the American Council on Education | October 1999  | Completed |
| • Give presentation at EDUCAUSE conference of higher education information technology officials  | October 1999  | Completed |
| • Give Presentation at student aid Electronic Access Conference in Miami   | November 1999 | Completed |
| • Give Presentation at student aid Electronic Access Conference in Denver  | November 1999 | Scheduled |
| • Give presentation to national conference of HEA Title III institutions (HBCUs, Tribally-controlled colleges, and Hispanic-serving institutions)                                | November 1999 | Completed |
| • Give Presentation at student aid Electronic Access Conference in San Antonio   | December 1999 | Scheduled |

The September "video news release" involved a demonstration of the Y2K readiness of our electronic student aid application system. The VNR assures the public that student financial aid services, a high impact federal program, will not experience disruptions due to the Y2K bug. The video not only promotes the readiness of the Department's systems but highlights the Y2K work that has been done at local colleges, universities, and trade schools throughout the country. Further, the video demonstrates that the interfaces between the Department and local institutions, which are essential to a student receiving his/her aid, will not be affected by the millennium bug. This video also helps promote the need for postsecondary institutions to conduct data exchange testing with the Department.

The VNR was distributed to local television station throughout the country. It was used by over 40 local stations and was viewed by over three million people.

The Department will continue to participate in national and regional conferences on testing of data exchanges, developing business continuity and contingency plans, and sharing information on Y2K readiness. In all of these public activities, we will emphasize the Y2K readiness of the Department's systems and those of our trading partners.

If you have any questions or need additional information on this matter please do not hesitate to call me on 205-5263 or Dave Dexter on 401-0197.

cc: Mike Smith  
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Greg Woods